



Honourable Minister Joe Ceci  
President of Treasury Board, Minister of Finance  
Office of the Minister  
Treasury Board and Finance  
323 Legislature Building  
10800 - 97 Avenue  
Edmonton, AB T5K 2B6

*Brussels, the 24<sup>th</sup> of March 2017*

**Re: Letter of support of the World Pension Alliance to the MEBCO position on the Target Benefit Legislation for Collectively Bargained Multi-Employer Pension Plans (CBMEPPS)**

Dear Honourable Minister Ceci,

The World Pension Alliance (WPA) is a collective organization representing the interests of over 200 million members of pension plans registered in jurisdictions around the World. Our membership includes the Multi Employer Benefit Council of Canada (MEBCO) along with the AEIP (European Association of Paritarian Institutions of Social Protection) and PensionsEurope of Europe; the NCCMP (National Coordinating Committee for Multiemployer Plans), the ABC (American Benefits Council), the NCPERS (National Conference On Public Employee Retirement Systems) of the United States of America; the FIAP (International Federation of Pension Fund Administrators) of Latin America; and ASFA (Association of Superannuation Funds of Australia) of Australia.

MEBCO has communicated with us regarding its March 8, 2017 submission and this has been discussed by the WPA executive.

On behalf of the WPA we confirm that we fully endorse and support MEBCO's position as communicated in its March 8th letter. We hope you will treat the matter with great urgency.

Best regards

A handwritten signature in blue ink, appearing to read "Bruno Gabellieri", is written over a light blue horizontal line.

Bruno Gabellieri  
Chairman  
World Pension Alliance



90 Burnhamthorpe Road W., Suite 300, Mississauga, ON L5B 3C3  
905 281 2912 mail@mebco.org  
T 905 275 6466 www.mebco.org

March 8<sup>th</sup>, 2017

Honourable Minister Joe Ceci  
President of Treasury Board, Minister of Finance  
Office of the Minister  
Treasury Board and Finance  
323 Legislature Building  
10800 - 97 Avenue  
Edmonton, AB T5K 2B6

**Re: Target Benefit Legislation for Collectively Bargained Multi-Employer Pension Plans (CBMEPPS)**

Dear Honourable Minister Ceci,

The *Employment Pension Plans Act (EPPA)* requires that persons who terminate employment be offered a lump sum payment in lieu of a pension. As you know the current rules for calculating the lump sum payment create an imbalance between what the terminating person could be paid and the assets the applicable pension plan has in reserve for that person. The application of the *EPPA* rewards the terminating person for taking his/her pension away from the Alberta-registered plan and financially punishes the pension plan. Simply put the terminating person takes almost twice the reserves the pension plan holds for that person's benefit; the remaining members of the plan bear the burden of this cost. This puts the remaining members in the pension plan at risk of significant benefit reductions.

Your government and previous governments have been asked to correct this inequity. So far, no action has been taken, beyond our meeting with your officials who are alive to the issue but who are seemingly powerless to carry what is a minor and almost inconsequential 'fix'.

This unresolved matter is now creating a crisis for CBMEPPs registered in Alberta and negatively impacting over 175,000 pension plan members. Based on the information we have it is possible that inaction on this matter will put most of Alberta's 22 CBMEPPs in a cash crisis in the next year. This will be headline news as these plans will be forced to reduce benefits, including benefits to retired persons, in order to preserve cash.

Some CBMEPPs already report having to change their long-term asset mix to allow for payment of lump sums to terminating persons. This impacts the long-term viability of these plans. Without adequate action these knock-on effects will resonate for a long time to come.

We stress that the terminating persons have the right to keep their pension in the applicable plan. They should also be allowed to take a lump sum payment from the plan representing the appropriate value of their benefit. Unfortunately, a whole financial industry has been built around encouraging terminating persons to take the lump sum commuted value calculated under the *EPPA* because it is a windfall for the terminating person (and his/her financial advisor).

We are urging you in the strongest possible terms to take action now to correct the *EPPA* so that CBMEPPs can be preserved. Staff in your Ministry have advised us that the amendment to the *EPPA* is to **only two lines**. We are willing to work with your government quickly to resolve this crisis and preserve the 22 Alberta-registered CBMEPPs.

Requesting your most urgent action,

A handwritten signature in black ink, appearing to read 'R. Blakely', written in a cursive style.

Robert R. Blakely QC  
President